

## Rural Utilities Service, USDA

## § 1774.24

(d) The Processing Official will submit the following to the Approval Official:

(1) "Water and Waste Project Information Summary";

(2) Form RD 442-3, "Balance Sheet" or a financial statement or audit that includes a balance sheet;

(3) Letter of Conditions;

(4) Form RD 1942-46, "Letter of Intent to Meet Conditions";

(5) Form RD 1940-1, "Request for Obligation of Funds";

### § 1774.17 Grant closing and disbursement.

(a) *Grant closing.* RUS Bulletin 1780-12 "Water or Waste System Grant Agreement" will be completed and executed in accordance with the requirements of grant approval. The grant will be considered closed when RUS Bulletin 1780-12 has been properly executed. Processing officials or Approval officials are authorized to sign the grant agreement on behalf of RUS.

(b) *Grant disbursements.* Agency policy is not to disburse grant funds from the Treasury until they are actually needed by the applicant. If an approved grant includes applicant or other contributions, then these funds will be disbursed before the disbursal of any Agency grant funds.

(c) *Payment for project costs.* Project costs will be monitored by the RUS processing office. Invoices will be approved by the borrower and submitted to the Processing Official for concurrence. The review and acceptance of project costs by the Agency does not attest to the correctness of the amounts, the quantities shown or that the work has been performed under the terms of the agreements or contracts.

(d) *Use of remaining funds.* Funds remaining after all costs incident to the basic project have been paid or provided for will not include applicant contributions if SEARCH grants funds are financing less than 100 percent of the project. Funds remaining may be considered in direct proportion to the amounts obtained from each source. Remaining funds will be handled as follows:

(1) Remaining funds may be used for eligible grant purposes as described in 1774.14 of this subpart, or

(2) Grant funds not expended will be canceled. Prior to the actual cancellation, the borrower, its attorney and its engineer will be notified of RUS' intent to cancel the remaining funds.

### § 1774.18 Reporting requirements, accounting methods and audits.

All Agency grantees will follow the reporting requirements as outlined in 7 CFR 1780.47.

### § 1774.19 Applications determined ineligible.

If at any time an application is determined ineligible, the processing office will notify the applicant in writing of the reasons. The notification to the applicant will state that an appeal of this decision may be made by the applicant under 7 CFR part 11.

### § 1774.20 Conflict of Interest.

Any processing or servicing activity conducted pursuant to this part involving authorized assistance to Rural Development employees with Water and Environmental Programs responsibility, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this title. Applicants of this assistance are required to identify any known relationship or association with an RUS employee.

### §§ 1774.21-1774.23 [Reserved]

### § 1774.24 Exception authority.

The Administrator may, in individual cases, make an exception to any requirement or provision of this part which is not inconsistent with the authorizing statute or other applicable law and is determined to be in the Government's interest. Requests for exceptions must be made in writing by the State Director and supported with documentation to explain the adverse effect on the Government's interest, propose alternative course(s) of action, and show how the adverse affect will be eliminated or minimized if the exception is granted. The exception decision will be documented in writing, signed by the Administrator, and retained in the files.